



CORPORATE GOVERNANCE COMMITTEE

25 NOVEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE


Purpose of the Report



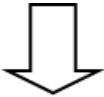

1. One of the key roles of the Committee is to ensure that the Council has effective risk management arrangements in place. This report assists the Committee in fulfilling that role by providing a regular overview of key risk areas and the measures being taken to address them. This is to enable the Committee to review or challenge progress, as necessary, as well as highlight risks that may need to be given further consideration. This report covers:
 - a) The Corporate Risk Register (CRR) – an update on risks;
 - b) Update on emerging risks:
 - Combined Authority and Devolution Deals
 - Better Care Fund
 - c) Updates on related matters:
 - Counter Fraud Initiatives
 - Business Continuity



Corporate Risk Register (CRR)




2. The Council maintains departmental risk registers and a Corporate Risk Register (CRR). These registers contain the most significant risks which the Council is managing and which are owned by Directors and Assistant Directors.
3. The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature has a long time span. Risk owners are engaged and have demonstrated a good level of awareness regarding their risks and responsibilities for managing them. The full CRR is attached as Appendix A.
4. The CRR is a working document and therefore assurance can be provided that, through timetabled review, high/red risks will be added to the CRR as necessary. Equally, as further mitigation actions come to fruition and current controls are embedded, the risk scores will be reassessed and this will result in some risks being removed from the CRR and reflected back within the relevant departmental risk register.
5. The key changes since the CRR was last presented to the Committee on 23rd September 2016 are detailed below:





- i. Addition of risk: 1.7 – There will be increased demands on the County Council regarding responding to the needs of unaccompanied asylum seeking children (UASC) as a result of: potential mandatory requirement to engage in the National Transfer Scheme; resettlement of UASC from Calais in line with the requirements of Dublin III agreement and the Dubs amendment; continuing response to spontaneous cases of UASC arriving in the County.
 - ii. Rewording of risk 2.2 to reflect the development of the Sustainable Transformation Plan (STP).
7. At its meeting on 23rd September 2016, the Committee requested that a follow up presentation be provided on the risks relating to :
 - the significant pressures on the children’s social care placement budget which funds the care of vulnerable children.
 8. The most up-to-date position of the risks on the CRR is shown in the table below. The risks are numbered within each category. To maintain a full history of all risks, details of any risks removed are shown with their original risk reference number at the end of the CRR (Appendix A).
 9. The arrows explain the direction of travel for the risk, i.e. where it is expected to be within the next twelve months after further mitigating actions, so that:
 - a. A horizontal arrow shows that not much movement is expected in the risk;
 - b. A downward pointing arrow shows that there is an expectation that the risk will be mitigated towards ‘medium’ and would likely be removed from the register;
 - c. An upwards pointing arrow would be less likely, but is possible, since it would show that the already high scoring risk is likely to be greater.


Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl changes)	Update Based on risks discussed at department’s management teams during October 2016	Direction of Travel (Residual Risk Score over the next 12 months)
1. Medium Term Financial Strategy (MTFS)					
All	1.1	Risk around the MTFS including the ability to deliver savings through service redesign and Transformation as required in the MTFS, impact of the living wage and other demand and cost pressures.	25	MTFS - Responses have been submitted (September) to the government consultations for “needs and redistribution” and the localisation of business rates and potential transfers of responsibility to local government. The fair funding campaign continues. A meeting has been held with Marcus Jones MP (Minister for Local Government), Department for Communities and Local Government, Civil Servants and a presentation was made to the	 Expected to remain high/red

				County Council Network. Transformation - A number of corporate reviews are included within the current programme and will be identified as part of the MTFS refresh in November 2016. The new Design Authority process and revised reports is resulting in a series of Outline and Full Business Cases being developed which are monitored and reported monthly.	
CE	1.3	If S106 monies for the Council as a whole are not managed properly then there could be financial risks as well as legal challenges.	16	The programme is being actively managed. Data is being checked for issues. Replacement of Atrium (procurement and implementation of new database) is being progressed to enhance capture and recording. Resources are still an issue but being addressed.	 Expected to move to medium/amber
CR	1.4	If claims relating to uninsured risks continue to increase then there will be significant pressure on reserves, impacting on service provision.	16	MMI – the recent Creditors Committee meeting (7th October) revealed further increases in abuse claims which could lead to future levy increases. There is no change to the previously reported position on the Independent Insurance Company Ltd.	 Expected to remain high/red
C&FS	1.5	<u>Social Care:</u> If the number of high cost social care placements increases then there may be significant pressures on the children's social care placement budget, which funds the care of vulnerable children.	15	Greater scrutiny of processes and requests for high cost placements is now in place allowing a better understanding of the situation around high cost placements and to reduce pressures on resources and budgets whilst ensuring best outcomes for children and young people. For example requests for residential placements are now approved by the Director and those for fostering by the Assistant Director - Children's Social Care.	 Expected to move to medium/amber
C&FS	1.6	<u>Education:</u> If the provision of support to high needs pupils (including SEN placements) continues to increase, then the	20	A new Head of Strategy for SEND is to commence in post from mid-October 2016. The future actions/additional controls are likely to be reviewed once the new Head of Strategy is in post and progress will be reported in the next update.	 Expected to remain high/red

		budget will be impacted upon.			
C&FS	1.7	<p>If suitable placements are unavailable for UASC who arrive in the County, either planned or unplanned, as a result of :</p> <ul style="list-style-type: none"> ○ potential mandatory requirement to engage in the National Transfer Scheme; ○ resettlement of UASC from Calais in line with the requirements of Dublin III agreement and the Dubs amendment; ○ continuing response to spontaneous cases of UASC arriving in the County <p>then there will be significant pressures on meeting the department's statutory duties to UASC as well as financial pressures in meeting their complex needs</p>	20 (New)	<p>Development of a specialist UASC team, recruitment of Manager and specialist staff has taken place.</p> <p>The Department is also part of a regional group that is looking at processes / approaches / potential numbers with regards to UASC</p>	 <p>Expected to remain high/red</p>
2. Health & Social Care Integration					
A&C	2.1	Care Act 2014 Funding Risk for 2016/17 and beyond due to Care Act Phase 2 implementation delayed by Ministers until April 2020.	20	Formal consultation to commence on revised departmental structure from October 2016.	 <p>Expected to move to medium/amber</p>

A&C	2.2	<p>LLR Sustainability and Transformation Plan (STP) does not lead to the improved outcomes for health and wellbeing of residents, better care and quality of services, and financial sustainability.</p> <p>Sub risk: Impact on Adults & Communities Department as a result of the left shift initiative</p>	16	<p>Note: No change to previously reported position</p> <p>Further discussion to take place between the County Council and Leicestershire Partnership Trust to determine the impact of the Intensive Community Service development.</p>	 <p>Expected to move to medium/amber</p>
All	2.3	Challenges caused by the Welfare Reform Act.	25	Awaiting Department of Health consultation of proposed new charging & assessment regulations to correspond with the introduction of Universal Credit	 <p>expected to remain high/red</p>
3. ICT, Information Security					
CR	3.1	If there is an outage and ICT systems are not restored quickly and effectively, then service delivery could be impacted upon.	15	<p>The recommendations from the Cyber Security Workshop (held in May 2016) had been reported to the Security Controls Group (SCG) once and to various groups/bodies since. Progress has been made against the recommendations and a further update will be provided the SCG prior to reporting to the Information & Technology Board.</p> <p>The Data Centre has been completed.</p> <p>Disaster recovery discussion paper has been prepared and consultation is underway with neighbouring authorities to understand their processes.</p> <p>The Council has chosen to be insured against risks relating to cyber attacks by way of a Cyber Liability Policy which commenced on the 28.10.2016. The policy is complemented by a strong post loss support service which is where</p>	 <p>Expected to move to medium/amber</p>

				the majority of claims costs arise.	
CR	3.2	If there is a failure to protect the integrity confidentiality and access to data and information then there could be a breach of information security.	16	An Intrusion Detection Policy has been recently been approved by the Information & Technology Management Team and implementation is underway. Improved monitoring of e-learning completion through the new Learning Management System is in place.	 Expected to move to medium/amber
All	3.3	If there is a failure to provide business intelligence required to support transformation, inform commissioning, and strategic planning and to complete statutory returns then policy will not be evidence based.	15	The Data and Business Intelligence (DBI) Board has agreed the proposed technical reporting arrangements. Tableau ¹ procurement exercise is underway and tenders are due back in October. An Implementation Group has been established and an Implementation Plan is being developed. The approach was agreed by DBI Board at its meeting on 26th September. ¹ business intelligence software that helps people see and understand their data	 Expected to move to medium/amber
CR	3.4	If there is insufficient capacity to provide information technology solutions then service improvements and savings will not be achieved.	16	The Information and Technology Strategy has been approved.	 Expected to move to medium/amber
C&FS	3.5	Retention of children's case files beyond Data Protection Act (DPA) requirements (as a result of legal advice)	16	Due to the Independent Inquiry into Child Sexual Abuse there is a specific requirement to not destroy any files until further notice; therefore at the present time, it is not possible to progress actions against this risk further.	 Expected to remain high/red

		<u>Current:</u> If as a result of a concerted effort in response to the (former) Goddard Inquiry and Police Operations there is a significant increase in identified cases, then the Council does not have the capacity to meet the demand on the CSE resources.		The Strategic Partnership Development Fund (SPDF) CSE Project Board has been established	high/red
7. Brexit					
All	7.1	Uncertainty and significant knock on consequences on public services (including potential legal, regulatory, economic and social implications), as a result of the United Kingdom leaving the European Union	16	The Leicester and Leicestershire Enterprise Partnership (LLEP) Business Board has agreed to monitor Brexit impacts (both positive and negative) on the economy, and the County Council's Economic Growth Team will undertake the work for the LLEP. The Brexit impact (direct and indirect) will be considered as part of Risk 1- MTFS risk.	 Expected to remain high/red

Update on Emerging Risks

Combined Authority & Devolution Deals

10. There is uncertainty about the new government's position on Devolution deals and limited engagement from Civil Servants.
It is now understood that the first Combined Authority Meeting cannot take place until March/April 2017.
11. The risks are highlighted within the Chief Executive's Department Risk Register with no further escalation required to the CRR at this stage.

Better Care Fund

12. A number of recent articles in the national press have highlighted concerns that the integration reality is lagging behind the integrated vision and that the intended spirit of the Better Care Fund has evaporated. Opinions are that some Councils face significant overspends as they invest in integrated care services, while its local NHS focuses its finances on acute care.

13. National guidance for Better Care Fund (BCF) planning for 2017/18 and 2018/19 should be released by December 2016.
14. The BCF risk is included within the Chief Executive's Department Risk Register and will be reviewed following the October refresh.

Counter Fraud Update

Recovery of Fraud Losses from an Individual's Pension Fund

15. The Council has successfully recovered a fraud loss of £13,122 from an ex-employee's pension fund using powers contained within the Local Government Pension Scheme (LGPS) Regulations. This case surrounded the ex-employee being found guilty of fraud in the Crown Court but being required to only pay a notional compensation sum due to their limited means. Despite the guilty verdict, the outcome left the Council significantly out of pocket. The LGPS Regulations enable scheme employers to seek recovery of fraud losses from an ex-employee's deferred benefits. This is the first time the Council has used these powers.

National Fraud Initiative

16. The Council is a mandatory participant in the Cabinet Office's biennial National Fraud Initiative (NFI). NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council's data sets have been successfully uploaded with regard to the current NFI exercise, the results of which are expected in January 2017. Data sets uploaded include payroll (including Members' allowances), pensions, blue badges, personal budgets, insurance claimants, creditors etc. More information on NFI can be found at:

<https://www.gov.uk/government/collections/national-fraud-initiative>

Proactive Counter Fraud Activity

17. A number of specific pieces of proactive counter fraud work are underway. These include:
 - Targeted communications to employees regarding fraud risk to coincide with International Fraud Awareness Week which runs from 13-19 November;
 - A targeted "Leicestershire Cannot Afford Fraud" whistleblowing campaign, designed to raise fraud awareness and to encourage staff to report irregular behaviour through well-established procedures;
 - A blue badge amnesty offering individuals to hand in, without question, any blue badges being held or used illegally. Such a campaign is designed to maintain confidence in the Blue Badge Scheme by valid blue badge holders. It also gives the Council the opportunity to publicise its zero tolerance approach to blue badge fraud by reiterating its commitment to otherwise prosecute offenders;

- Data matching of employee data with Companies House data (company directors and company secretaries) with a view to identifying undeclared conflicts of interest and feasibly instances of procurement fraud.

Business Continuity (BC) Update

Supplier BC Assurance

18. The BC Supplier Assurance Process continues to be rolled out to the Council's business critical suppliers with the support of contract managers. The approach is two-fold: engaging with potential suppliers during the procurement process as well as seeking assurance from the Council's existing suppliers. The primary focus for existing business critical suppliers is currently on Adults and Children's Social Care and I&T.

Work Area Recovery

19. The completion of effective plans for Work Area Recovery remains dependent upon the implementation of the County Hall Masterplan and the roll-out of the Virtual Desktop Integration (VDI). In the interim, work is continuing to practice plans for the displacement of the individual service areas. Successful displacement exercises have recently been undertaken for the Property Services Helpdesk and the Customer Services Centre.

Training & Exercises

20. An active schedule of Emergency Planning and Business Continuity exercises is in place involving teams across all departments and different types of exercise. In 2016, this programme has included, for example, a cyber security workshop, incident manager training for senior managers on the on-call rota and completion of Emergency Centre training for over 90 social care staff. A briefing for Elected Members on Flood Risk also took place on 3 November. The 2017 forward programme includes a further opportunity to rehearse the role of the Corporate Management Team (CMT) in the event of a major incident.

Incident Monitoring

21. Since the last update there have been a range of incidents:
- April: Industrial Action, Junior Doctors Strike, Electricity Supply interruption, a Power Outage at Romulus Court and an Asbestos Incident in South Wigston.
 - May: Gas Leak in Market Harborough and an Animal Disease incident (Suspected Blue Tongue Outbreak)
 - June: Flooding
 - July: NUT Industrial Action and an M1 road closure incident.
 - September: Animal Disease enforcement operation.

In each case, a debrief activity has been undertaken post incident to identify any further improvements to incident response that may be required.

Recommendation

- a) That the Committee:
- a) Approves the current status of the strategic risks facing the County Council and the updated Corporate Risk Register;
 - b) Make recommendations on any areas which might benefit from further examination and identify a risk area for presentation at its next meeting;
 - c) Notes the updates regarding:
 - (i) the emerging risks around the Combined Authority and devolution proposals;
 - (ii) the Better Care Fund;
 - (iii) counter fraud initiatives that have taken place during the last quarter
 - (iv) Business Continuity

Resources Implications

None.

Equality and Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None

Background Papers

Report of the Director of Corporate Resources – ‘Risk Management Update’ – Corporate Governance Committee, 20 February, 12 June, 25 September and 17 November 2015, 19 February 2016, 13 May 2016, 23 September 2016

Officers to Contact

Chris Tambini, Director of Finance
 Tel: 0116 305 6199
 E-mail: chris.tambini@leics.gov.uk

Neil Jones, Head of Assurance Services
 Tel: 0116 305 7629
 Email: neil.jones@leics.gov.uk

Appendices:

Appendix A - Corporate Risk Register

This page is intentionally left blank